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VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, South Carolina 29211

RE: Request to Add New Energy Efficiency Program to Portfolio: Small Business
Energy Saver
Docket Number: 2014-XXX-E

Dear Mrs. Boyd:

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or the "Company") is proposing the Small Business Energy Saver program (the "Program") which is modeled after the Small Business Energy Saver program ("SBES") offered by Duke Energy Progress, Inc. in South Carolina in Docket No. 2012-234-E. The purpose of this Program is to reduce energy usage through the installation of energy efficiency measures, focusing on lighting, refrigeration, and HVAC applications. All aspects of the Program will be administered by a single Company-authorized vendor. Program participants will receive a no-cost, no-obligation energy assessment of their facility and a recommendation of energy efficiency measures to be installed in their facility along with the projected energy savings, including costs of all materials and installation and an up-front incentive amount from Duke Energy Carolinas to defray the cost of the recommended measures. Upon receiving the results of the assessment, the customer will decide which measures will be installed. The Program is designed as a pay-for-performance offering, meaning the Company-authorized vendor administering the Program will only be compensated for energy savings produced through the installation of energy efficiency measures.

The Program is available to existing non-residential establishments served on a Duke Energy Carolinas general service or industrial rate schedule from the Duke Energy Carolinas' retail distribution system that are not opted-out of the EE portion of Rider EE. Program participants must have an average annual demand of 100 kW or less per active account. Participants may be owner-occupied or tenant facilities with owner permission. Participation for an individual business entity (determined by employer identification number/taxpayer identification number) is limited to no more than five premises on the Company's system during a calendar year. The premise limitation is intended to maximize participation for the small non-

residential customer segment that typically does not have the up-front capital or technical expertise to participate in other non-residential energy efficiency program offerings.

This Program may be promoted by various marketing channels. Costs associated with the communication materials for this program are estimated at \$185,000. The marketing efforts are designed to create customer awareness of the program, to educate customers on energy saving opportunities and to emphasize convenience of participation. There are approximately 56,000 customer accounts that can benefit from this program. The Company projects an adoption rate of approximately 9% - 10% of eligible non-residential customers, the approximate acceptance rate for the Duke Energy Progress, Inc. program.

The Company will pay an incentive directly to the Company-authorized vendor in the amount of up to 80% of the total cost of eligible measures installed at the customer's facility. The cost for each measure type, including all costs associated with the material, installation and Program administration, is agreed upon contractually between the Company and the vendor, and is not negotiable between the Company-authorized vendor and the customer. The level of incentive provided for each specific Program project is based on the deemed kWh savings of the energy efficiency measures to be installed. The incentive is provided upfront in the form of a discounted price offering at the time of installation, which reduces the initial upfront cost required by the customer. The participating customer is responsible for payment of the remaining portion of the project cost, payable directly to the vendor.

The tariff is attached as Exhibit A. Participation and cost effectiveness numbers are attached as Exhibits B and C show this program should be worthwhile in helping small business customers save energy.

Please contact me should there be any questions.

Sincerely,

A handwritten signature in blue ink that reads "Timika Shafeek-Horton" followed by a stylized flourish.

Timika Shafeek-Horton
Deputy General Counsel

TSH/gw

Enclosures

cc: Ms. Nanette S. Edwards, ORS
Ms. Shannon B. Hudson, ORS

Exhibit A
Tariff

Duke Energy Carolinas

Electricity No. 4
South Carolina Original (Proposed) Leaf No. 176

SMALL BUSINESS ENERGY SAVER PROGRAM (SC)

PURPOSE

The purpose of this program is to encourage the installation of energy efficiency measures for eligible small nonresidential customer facilities. The program provides incentive payments towards the installation of energy efficiency improvements in lighting; refrigeration; and heating ventilation and air conditioning.

AVAILABILITY

The program is available, at the Company's option, to existing nonresidential customers with an average monthly actual demand of 100 kW or less. The Company may require a minimum of 12 months usage history in order to participate in this program. An individual business entity's participation is limited to no more than five premises on the Company's system during a calendar year. Where the customer is not the owner of the property, the owner must give satisfactory written consent for the customer to participate in this program.

GENERAL PROVISIONS

The Company will provide a list of customers who meet the program eligibility requirements to a Company-authorized vendor who will perform an energy assessment at the eligible customer's facility at no charge to the customer, make recommendations for improved energy efficiency measures, and produce a projected cost to complete the work.

Participating customers agree to allow both the Company and the Company-authorized vendor the right of ingress and egress to the Customer's premises at all reasonable hours for the purpose of pre-installation and post-installation inspection of the project to determine the actual kW reduction and energy savings for program evaluation purposes.

PAYMENTS

The Company will provide up to 80% of the cost for the recommended energy efficiency measures installed. The Company's incentive payment for any installed measures shall be paid directly to the Company-authorized vendor upon verification that the energy efficiency measure(s) have been installed. All project costs above the incentive amount shall be the responsibility of the Customer and shall be paid based upon payment terms arranged between Customer and vendor.

The Company has no liability and makes no guarantee with respect to the installation or performance of the installed measure(s).

Exhibit B
Participation

		Small Business Energy Saver
1	Measure Life (Average)	12
2	Free Rider % (Average)	10%
3	Incremental Participants Year 1	6,731,644
4	Incremental Participants Year 2	15,987,659
5	Incremental Participants Year 3	19,353,481
6	Incremental Participants Year 4	19,353,481
7	Incremental Participants Year 5	19,353,481
8	Cumulative Participation Year 1	6,731,644
9	Cumulative Participation Year 2	22,719,303
10	Cumulative Participation Year 3	42,072,785
11	Cumulative Participation Year 4	61,426,266
12	Cumulative Participation Year 5	80,779,748
13	Cumulative Summer Coincident kW w/ losses (net free) Year 1	1,534
14	Cumulative Summer Coincident kW w/ losses (net free) Year 2	5,179
15	Cumulative Summer Coincident kW w/ losses (net free) Year 3	9,590
16	Cumulative Summer Coincident kW w/ losses (net free) Year 4	14,002
17	Cumulative Summer Coincident kW w/ losses (net free) Year 5	18,413
18	Cumulative kWh w/ losses (net free) Year 1	6,370,469
19	Cumulative kWh w/ losses (net free) Year 2	21,500,335
20	Cumulative kWh w/ losses (net free) Year 3	39,815,436
21	Cumulative kWh w/ losses (net free) Year 4	58,130,537
22	Cumulative kWh w/ losses (net free) Year 5	76,445,638
23	Per Participant Weighted Average Coincident Saved Winter kW w/losses	0.00025
24	Per Participant Weighted Average Coincident Saved Summer kW w/losses	0.00025
25	Per Participant Average Annual kWh (net free) w/losses Year 1	0.95
26	Per Participant Average Annual kWh (net free) w/losses Year 2	0.95
27	Per Participant Average Annual kWh (net free) w/losses Year 3	0.95
28	Per Participant Average Annual kWh (net free) w/losses Year 4	0.95
29	Per Participant Average Annual kWh (net free) w/losses Year 5	0.95
30	Cumulative Lost Revenue (Net Free Riders) Year 1	\$408,162
31	Cumulative Lost Revenue (Net Free Riders) Year 2	\$1,408,819
32	Cumulative Lost Revenue (Net Free Riders) Year 3	\$2,668,147
33	Cumulative Lost Revenue (Net Free Riders) Year 4	\$3,983,924
34	Cumulative Lost Revenue (Net Free Riders) Year 5	\$5,358,063
35	Average Lost Revenue per Participant (net free) Year 1	\$0.061
36	Average Lost Revenue per Participant (net free) Year 2	\$0.062
37	Average Lost Revenue per Participant (net free) Year 3	\$0.063
38	Average Lost Revenue per Participant (net free) Year 4	\$0.065
39	Average Lost Revenue per Participant (net free) Year 5	\$0.066
40	Total Avoided Costs/MW saved Year 1	\$143,565
41	Total Avoided Costs/MW saved Year 2	\$147,353
42	Total Avoided Costs/MW saved Year 3	\$150,922
43	Total Avoided Costs/MW saved Year 4	\$154,360
44	Total Avoided Costs/MW saved Year 5	\$157,732
45	Total Avoided Costs/MWh saved Year 1	\$42
46	Total Avoided Costs/MWh saved Year 2	\$47
47	Total Avoided Costs/MWh saved Year 3	\$45
48	Total Avoided Costs/MWh saved Year 4	\$42
49	Total Avoided Costs/MWh saved Year 5	\$47

Exhibit C
Participation

Small Business Energy Saver					
		UCT	TRC	RIM	Participant
1	Avoided T&D Electric	\$10,666,932	\$10,666,932	\$10,666,932	
2	Cost-Based Avoided Elec Production	\$30,790,470	\$30,790,470	\$30,790,470	
3	Cost-Based Avoided Elec Capacity	\$8,773,003	\$8,773,003	\$8,773,003	
4	Participant Elec Bill Savings (gross)				\$39,767,695
5	Net Lost Revenue Net Fuel			\$26,125,759	
6	Administration Costs	\$1,948,639	\$1,948,639	\$1,948,639	
7	Implementation Costs	\$2,381,487	\$2,381,487	\$2,381,487	
8	Incentives	\$14,813,363		\$14,813,363	\$14,813,363
9	Other Utility Costs	\$344,652	\$344,652	\$344,652	
10	Participant Costs		\$19,548,745		\$21,720,828
11	Total Benefits	\$50,230,406	\$50,230,406	\$50,230,406	\$54,581,058
12	Total Costs	\$19,488,139	\$24,223,522	\$45,613,898	\$21,720,828
13	Benefit/Cost Ratios	2.58	2.07	1.10	2.51
Data represents present value of costs and benefits over the life of the program.					